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SUBJECT: FINNS DEBATE NORD STREAM AS GOVERNMENT'S  
REVIEW NEARS END

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¶1. (SBU) SUMMARY. Prime Minister Vanhanen said his Government (GOF) would decide whether to grant an Exclusive Economic Zone license for the Nord Stream pipeline project by November 5. If the GOF approves the license it then decide whether to grant a construction permit for the project, a process could conclude as early as December. The public debate over the last two years has been limited and largely non-contentious, owing both to the GOF's insistence that the process is based on law and fact and not politics or international relations, and to public opinion that is neither strongly for or against the project. As the GOF's review draws to a close, public debate has increased, revealing criticism of the GOF's handling of security and environmental issues. Recent Parliamentary debate reflected the same criticism but also broad agreement that the project would bring Russia closer to Europe, and would bring more environmentally friendly fuel to an area dominated by coal. Should the GOF's neutral process result in license and permit approvals, the GOF might face criticism if the public sees Russia as receiving a benefit while it fails to take action to address persistent environmental problems in the Baltic Sea.  
END SUMMARY.

GOF review of pipeline project draws to close

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¶2. (U) Prime Minister Vanhanen, after his October 25 to meet with Russian Prime Minister Putin, stated that the GOF will render its decision on a license for the Nord Stream natural gas pipeline project by November 5. The review by the Ministry of Employment and Economy, which commenced November 2006, will determine whether the project is permissible in Finland's Exclusive Economic Zone (EEZ). Should the GOF approve the EEZ license, a new process will commence: the Western Finland Environmental Authority (WFEA) will decide whether to approve a construction permit under Finland's water legislation. The WFEA could render a decision as soon as December. While the water license decision is appealable under Finnish law, a GOF official told Pol/Econ Chief that the project could proceed during the pendency of any appeal. (NOTE: On October 2 Nord Stream received a permit from the WFEA for munitions clearance. A court has suspended any munitions clearance as part of a case brought by Finns who have made a mining claim on the Baltic seabed (a claim widely seen as an attempt to prevent or delay the pipeline project). A Nord Stream representative publicly said he sees no problem, as Nord Stream will not conduct munitions clearance in the area under claim. END NOTE.)

¶3. (SBU) Official statements and public debate on the

pipeline project have been muted through most of the review process. GOF officials have insisted that the review is a neutral law-and-fact-based process, divorced from politics and international relations. As stated recently by a prominent Bank of Finland official, countries can put down cables and pipes in another country's EEZ in conformity with international law, and Finland cannot forbid a pipeline project that is "appropriately implemented."

Polling shows modest support and opposition

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¶ 14. (U) The quiet progression of the review may also stem from public opinion that neither strongly supports or opposes the project. According to a poll conducted last July, 46 percent of Finns would grant Nord Stream the gas pipeline building permit, whereas 40 percent would not and 14 percent were unsure. Within the governing coalition, members of the two main parties, Center Party and National Coalition Party (NCP), narrowly supported the project (46 favoring, 40 percent opposing) while Green Party members had a slight majority opposing (53 percent). Support was higher for those in the opposition: 59 percent of Social Democrats and 53 percent of the (populist) True Finns would grant the license. While not reaching a majority, more Finns saw the pipeline's construction as a threat to the environment, fishing and shipping industry (45 percent) than saw little threat (32 percent).

Finns speak up in final days

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¶ 15. (SBU) As the GOF's review nears its end the public

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debate has increased. Critics question whether the GOF has given sufficient consideration of the project's security implications and to wider environmental concerns. On October 21, Juha Puistola, a staff member of the National Defense College, publicly criticized the GOF for fostering a "one-sided" debate focused on the environment, not one also addressing the security implications. Puistola asserted that the GOF failed to address the increased strategic importance of the Baltic Sea for Russia with a pipeline in place, and the resulting increase of Russia's influence in Europe.

¶ 16. (SBU) Former GOF officials also recently spoke out about the project: former Prime Minister (and current advisor to Nord Stream) Paavo Lipponen expressed support for the GOF's environmentally-focused approach to the project, stating that the pipeline promotes Finland's traditional role as a "cooperation partner" between east and west. Former President Mauno Koivisto said he has no worries about the security implications, and has "followed the debate with great calmness."

Parliament debates Nord Stream

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¶ 17. (U) On October 8 the Parliament debated the Nord Stream project in a plenary session. Security and environmental concerns, both focused on Russia, dominated the discussion. Those raising environmental concerns made a connection between Russia's interest in laying a pipeline in Finland's EEZ and Finland's interest in Russia addressing sewage emissions into the Baltic from Kaliningrad and Russia's failure to join relevant environmental treaties like the Espoo Convention. Those raising security concerns wondered about the failure of the GOF to publicly address security aspects of the project, and more specifically about an increased presence of Russian naval vessels in the Baltic (with a possible impact on Finnish

shipping). The debate revealed widespread agreement that the project would bring Russia closer to Europe, and would bring more environmentally friendly fuel to an area dominated by coal.

Ministers separate politics from the process

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**¶8.** (U) Members of the Cabinet participated in the Parliament's debate. Minister of Economic Affairs Mauri Pekkarinen (Center Party) started the session by emphasizing that Finland cannot forbid a pipeline project that is appropriately implemented. Pekkarinen and Foreign Minister Stubb (NCP) rejected suggestions that the license's approval be linked to specific environmental issues like Kaliningrad's wastewater problem and ratification of the Espoo Convention. Regarding security, Pekkarinen stated that the absence of a pipeline might actually result in an increased Russian naval presence in the Baltic, given an expected dramatic increase of ships transporting liquefied natural gas. Stubb and Minister of Defense Jyri Hakamies (NCP) insisted that there is no reason to assume that anyone wants to use the pipeline as a pretext to increase tension in the Baltic Sea region.

NATO mostly outside the debate

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**¶9.** (U) NATO has played virtually no part in the wider public discussion of the project. During the Parliament's plenary session one parliamentarian from the (largely) pro-NATO NCP, Kimmo Sasi, pointed out the role played by NATO member Germany in the pipeline's construction. He suggested that Finland should invite NATO to discuss the future of the pipeline, and even join NATO itself. This prompted an outburst of "Sasi is bringing NATO to the Baltic Sea!" by a member of the Left Alliance, a small opposition party opposed to Finland's NATO membership. Separately, Juha Puistola, National Defense College staff who publicly lamented the GOF's alleged failure to address security implications, concluded that he saw a security benefit to the project, as the mutual interest in the pipeline's protection would encourage cooperation; he said it was far-fetched to think that the pipeline would bring Russia and NATO into conflict.

Comment

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**¶10.** (SBU) The GOF has succeeded in keeping its review

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of the pipeline project from becoming a contentious domestic political issue. Mixed public opinion, and mixed support and criticism across the political parties, helped keep it a back-burner issue. Assuming the GOF grants all approvals and the project moves forward, the GOF could be in for future criticism, should the public conclude that Russia has taken no action to improve its environmental record in the Baltic.

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